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13 UNITED STATES DISTRICT COURT
14 CENTRAL DISTRICT OF CALIFORNIA
15 SOUTHERN DIVISION

16 In re CORINTHIAN COLLEGES, INC.,)
17 SHAREHOLDER DERIVATIVE)
18 LITIGATION)

19 This Document Relates To:
20 ALL ACTIONS.

No. SACV-06-0777-AHS(ANx)
ORDER PRELIMINARILY
APPROVING SETTLEMENT OF
DERIVATIVE ACTIONS,
PROVIDING FOR NOTICE AND
SETTING SETTLEMENT HEARING
FOR 9/21/09, AT 11:00 A.M.

**NOTE CHANGES BY
THE COURT**

1 WHEREAS, the Settling Parties have made application, pursuant to Federal
2 Rule of Civil Procedure 23.1, for an order (i) preliminarily approving the proposed
3 settlement (the "Settlement") of the above-captioned shareholder derivative action
4 (the "Federal Action") and the related derivative action pending in the Superior Court
5 of the State of California, Orange County, entitled *In re Corinthian Colleges, Inc.*
6 *Shareholder Derivative Litigation*, Case No. 06 CC00140 (the "State Action")
7 (collectively, the "Actions"), in accordance with a Stipulation of Settlement dated
8 May 7, 2009 and the Exhibits thereto (the "Stipulation"), and (ii) approving for
9 distribution of the Notice of Pendency and Proposed Settlement of Derivative Actions;

10 WHEREAS, the Stipulation sets forth the terms and conditions for the
11 Settlement, including, but not limited to: (a) a proposed settlement and dismissal of
12 the Actions with prejudice as to the Released Parties; (b) the adoption of substantial
13 corporate governance reforms by Nominal Party Corinthian Colleges, Inc.
14 ("Corinthian" or the "Company"); and (c) an award of attorneys' fees and costs to
15 Plaintiffs in the Actions, upon the terms and conditions set forth in the Stipulation;

16 WHEREAS, the Settlement appears to be the product of serious, informed, non-
17 collusive negotiations and falls within the range of possible approval;

18 WHEREAS, all capitalized terms contained herein shall have the same
19 meanings as set forth in the Stipulation (in addition to those capitalized terms defined
20 herein); and

21 WHEREAS, this Court, having considered the Stipulation and the Exhibits
22 annexed thereto and having heard the arguments of the Settling Parties at the
23 preliminary approval hearing:

24 NOW THEREFORE, IT IS HEREBY ORDERED:

25 1. This Court does hereby preliminarily approve, subject to further
26 consideration at the Settlement Hearing described below, the Stipulation and the
27 Settlement set forth therein, including the terms and conditions for: (a) a proposed
28 settlement and dismissal of the Actions with prejudice as to the Released Parties; (b)

1 the enactment by Corinthian of specified corporate governance reforms; and (c) an
2 award of attorneys' fees and costs to Plaintiffs in the Actions, upon the terms and
3 conditions set forth in the Stipulation.

4 2. A hearing (the "Settlement Hearing") shall be held before this Court on
5 September 21, 2009 at 11:00 a.m. in Courtroom 10A of the United States District
6 Court, Central District of California, Southern Division, 411 West Fourth Street, Santa
7 Ana, California 92701, to:

8 (a) determine whether the terms and conditions of the Settlement
9 provided for in the Stipulation are fair, reasonable, adequate, and in the best interests
10 of Corinthian and current Corinthian stockholders;

11 (b) consider an Order and Final Judgment (i) approving the Settlement
12 in its entirety and according to its terms; (ii) dismissing the Federal Action and State
13 Action with prejudice as to the Released Parties; (iii) providing that each of the
14 Settling Parties shall bear its, his or her own costs (unless expressly stated otherwise
15 in the Stipulation); (iv) releasing and enjoining prosecution of any and all Released
16 Claims to be released pursuant to the Stipulation; and (v) approving an award of
17 attorneys' fees to Plaintiffs' Counsel; and

18 (c) hear such other matters as the Court may deem necessary and
19 appropriate.

20 3. The Court approves, as to form and content, the Notice of Pendency and
21 Proposed Settlement of Derivative Actions (the "Summary Notice") annexed as
22 Exhibit A-2 to the Stipulation and the Publication Notice annexed as Exhibit A-1 to
23 the Stipulation, and finds that the publication of the Summary Notice and Publication
24 Notice, substantially in the manner and form set forth in paragraph 12.2 of the
25 Stipulation, meets the requirements of Federal Rule of Civil Procedure 23.1 and due
26 process, provide the best notice practicable under the circumstances, and shall
27 constitute due and sufficient notice to all Persons entitled thereto of all matters
28 relating to the Settlement.

1 4. Not later than July 16, 2009, Corinthian shall file with the SEC a Form 8-
2 K attaching the Summary Notice (Exhibit A-2 to the Stipulation). The Form 8-K shall
3 include a reference to the Company's website where the Summary Notice, as well as
4 the Stipulation, may be viewed and downloaded. In addition, not later than July 16,
5 2009, Corinthian shall post the Summary Notice (Exhibit A-2) and the Stipulation on
6 its website and maintain the posting through the date of the hearing on Final
7 Approval. Finally, not later than July 16, 2009, Defendants shall cause the
8 Publication Notice (Exhibit A-1 to the Stipulation) to be published once in *Investor's*
9 *Business Daily*. Defendants shall bear the costs of providing notice as ordered by the
10 Court.

11 5. At least fourteen (14) days prior to the Settlement Hearing, Corinthian's
12 counsel shall serve on counsel for Plaintiffs and file with the Court proof, by affidavit
13 or declaration, of such filing and publication of the Notice.

14 6. All current Corinthian stockholders shall be bound by all orders,
15 determinations and judgments in the Federal Action concerning the Settlement,
16 whether favorable or unfavorable to current Corinthian shareholders.

17 7. Pending final determination of whether the Settlement should be
18 approved, no current Corinthian shareholder, either directly, representatively, or in
19 any other capacity, shall commence or prosecute against any of the Released Parties,
20 any action or proceeding in any court or tribunal asserting any of the Released Claims.

21 8. All papers in support of the Settlement and the award of attorneys' fees
22 and expenses shall be filed with the Court and served at least seven (7) calendar days
23 prior to the Settlement Hearing.

24 9. Any current record holders and beneficial owners of common stock of
25 Corinthian as of May 7, 2009 may appear and show cause, if he, she or it has any
26 reason why the terms of the Settlement should not be approved as fair, reasonable and
27 adequate, or why a Judgment should not be entered thereon, provided, however,
28 unless otherwise ordered by the Court, no current Corinthian stockholder shall be

1 heard or entitled to contest the approval of all or any of the terms and conditions of the
2 Settlement, or, if approved, the Judgment to be entered thereon approving the same,
3 unless that Person has, no later than September 4, 2009, filed with the Clerk of the
4 Court and served on the following counsel (delivered by hand or sent by first class
5 mail) appropriate proof of stock ownership, along with written objections, including
6 the basis therefor, and copies of any papers and briefs in support thereof:

7 ***Counsel for Plaintiffs***

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9 COUGHLIN STOIA GELLER
10 RUDMAN & ROBBINS LLP
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11 Eric L. Zagar
12 Nichole Browning
13 BARROWAY TOPAZ KESSLER
14 MELTZER & CHECK, LLP
280 King of Prussia Road
Radnor, PA 19087

15 ***Counsel for the Individual Defendants***

16 Robert L. Dell Angelo
17 MUNGER, TOLLES & OLSON LLP
355 South Grand Avenue, 35th Floor
Los Angeles, CA 90071

18 ***Counsel for Nominal Defendant Corinthian Colleges, Inc.***

19 Meridith N. Landy
20 O'MELVENY & MYERS LLP
2765 Sand Hill Road
Menlo Park, CA 94025

21 The written objections and copies of any papers and briefs in support thereof to be
22 filed in Court shall be delivered by hand or sent by first class mail to:

23 Clerk of the Court
24 UNITED STATES DISTRICT COURT
25 CENTRAL DISTRICT OF CALIFORNIA
26 SOUTHERN DIVISION
411 West Fourth Street, Room 1053
Santa Ana, CA 92701

27 Any current Corinthian stockholder who does not make his, her or its objection in the
28 manner provided herein shall be deemed to have waived such objection and shall

1 forever be foreclosed from making any objection to the fairness, reasonableness or
2 adequacy of the Settlement as incorporated in the Stipulation and to the award of
3 attorneys' fees and expenses to Plaintiffs' Counsel, unless otherwise ordered by the
4 Court, but shall otherwise be bound by the Judgment to be entered and the releases to
5 be given.

6 10. Neither the Stipulation nor the Settlement, nor any act performed or
7 document executed pursuant to or in furtherance of the Stipulation or the Settlement:
8 (a) is or may be deemed to be or may be offered, attempted to be offered, or used in
9 any way by the Settling Parties as a presumption, a concession or an admission of, or
10 evidence of, any fault, wrongdoing or liability of the Settling Parties or of the validity
11 of any Released Claims; or (b) is intended by the Settling Parties to be offered or
12 received as evidence or used by any other person in any other actions or proceedings,
13 whether civil, criminal or administrative. The Released Parties may file the
14 Stipulation and/or the Judgment in any action that may be brought against them in
15 order to support a defense or counterclaim based on principles of *res judicata*,
16 collateral estoppel, full faith and credit, release, standing, good faith settlement,
17 judgment bar or reduction or any other theory of claim preclusion or issue preclusion
18 or similar defense or counterclaim and any of the Settling Parties may file the
19 Stipulation and documents executed pursuant and in furtherance thereto in any action
20 to enforce the Settlement.

21 11. The Court reserves the right to adjourn the date of the Settlement Hearing
22 or modify any other dates set forth herein without further notice to the current
23 Corinthian stockholders, and retains jurisdiction to consider all further applications

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1 arising out of or connected with the Settlement. The Court may approve the
2 Settlement, with such modifications as may be agreed to by the Settling Parties, if
3 appropriate, without further notice to the current Corinthian stockholders.

4 IT IS SO ORDERED.

5 DATED: July 6, 2009.

ALICEMARIE H. STOTLER

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7 THE HONORABLE ALICEMARIE H. STOTLER
8 UNITED STATES DISTRICT JUDGE
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